

This legislation, as our chairman so well expressed, is the result of an historic agreement reached by railroad management and labor over more than 2 years of intense, difficult negotiations. The benefit improvements, as well as tax cuts, are made possible by changing current law that limits the investment of Railroad Retirement Trust Fund assets to government securities.

The proposed changes governing the Railroad Retirement Trust Fund will not affect the solvency of the railroad retirement system. The tier 1 program which provides Social Security benefits, will continue to be invested only in government securities. Only tier 2 funds, the original railroad retirement program, will be eligible for investment in assets other than government securities.

The projected increases in Trust Fund income from these changes are based on fairly conservative forecasts of the rates of returns that could be earned by a diversified portfolio. That would be about 2 percentage points above the return on government securities.

But more importantly, if the investments fail to perform as well as expected, worker's pensions are protected because the legislation requires, as agreed to in the negotiations between management and labor, requires the railroads to absorb any future tax increases that might be necessary to keep the system solvent. Ultimately, the Federal Government continues to be responsible for the security of the railroad retirement system.

This is the first really significant benefit in 25 years, although as I said, it seems more like 83. Those benefits are: The age at which employees can retire with full benefits is reduced from 62 to 60 with 30 years of service; the number of years required for vesting is reduced from 10 to 5 years; the benefits of widows and widowers are expanded; and the limits on tier 2 annuities are repealed.

The bill calls for automatic future improvements if the retirement plan becomes overfunded. It reduces the payroll taxes paid by railroads. That means that for tier 2 benefits, the railroad's taxes decline from 16.1 percent to 13.1 percent.

By the third year after passage of this bill, after enactment of this legislation, the railroads stand to gain nearly \$400 million annually from lower payroll taxes, and that will allow them to invest that money into needed rail and track and rolling stock improvements, and it allows them also to improve the wages and working conditions of railroad workers.

Mr. Speaker, we passed this bill last year, with former Chairman SHUSTER and me working together on a bipartisan basis, and I want to reflect again on the splendid working relationship we have had with the gentleman from Alaska (Mr. YOUNG) on bringing this legislation through to this point.

We passed this bill last year 391 to 25. We ought to do the same this year.

Mr. Speaker, I reserve the balance of my time.

□ 1900

Mr. YOUNG of Alaska. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. QUINN), chairman of the Subcommittee on Railroads.

Mr. QUINN. Mr. Speaker, I appreciate the gentleman from Alaska yielding time. I also want to begin by thanking the gentleman from Alaska (Mr. YOUNG); the gentleman from Minnesota (Mr. OBERSTAR); and the gentleman from Tennessee (Mr. CLEMENT), my partner on the Subcommittee on Railroads, for the work that has been done, 2 long years now. I also want to thank the gentleman from Texas (Mr. SAM JOHNSON) for his observations.

We bring this bill forward, this afternoon, Mr. Speaker, in a real spirit of bipartisanship. A couple of our speakers have already mentioned that this is 2 years in the works. We have back and forth talked about the interests, particularly since the new administration has come into town, about not confusing this issue with Social Security. My esteemed colleague, the gentleman from Texas, suggests that we pick out the letter J in somebody's last name for Social Security. I would like to suggest that we use the letter J in somebody's first name, in my father's name who was a railroad worker for 35 years and in my grandfather's name when he came from Ireland and began to work on the railroad when he first came to America.

I do not have a personal ax to grind in this discussion this afternoon, Mr. Speaker; but I can tell the gentleman from Texas, I can tell anybody else who wants to listen, that I know a little bit about railroaders and their families. We have not tried to structure this bill this afternoon to give anybody an unfair advantage. We have not structured it to give anybody an opportunity to take advantage of the Social Security fund. We are not talking, Mr. Speaker, about tier 1. We are talking only about tier 2 money. This is the workers' own money. This is their money.

We have described it to our friends as we have talked on the subcommittee and we have had 380 to 400 cosponsors almost. It is like this commonsense approach, that if you have money in the bank and you decided to take it from the bank and put it in a mutual fund, you would not be spending that money on a car, you would not be depositing the money at the front doorstep of the bank, and you would not be raiding anybody else's money, such as the Social Security system.

What we have tried to do in this bipartisan effort these last 2 years is to strike a balance. We would like to say that we can get rail labor and rail management together with retired workers on the railroads and their widows and widowers to say that we will let you do what you think is best with that por-

tion of the money that does not affect Social Security. The provision reflects a commonsense approach that trading in a bank account for a retirement savings account is not the same as taking that money in the bank account and spending it on a car. It is just not the same.

I want to thank the Members that have worked with us these past 2 years, particularly in the last 3 or 4 months, and most particularly the last 24 hours, to get us through a discussion with the administration, with those people who disagree with some of the things that we have talked about, but disagree respectfully.

Finally, I would like to thank the gentleman from Minnesota (Mr. OBERSTAR) and the gentleman from Tennessee (Mr. CLEMENT) both for their efforts these long 2 years, particularly the last 4 or 5 months.

I urge my colleagues to vote "yes" when they have an opportunity this afternoon.

Mr. SAM JOHNSON of Texas. Mr. Speaker, I yield myself such time as I may consume.

I appreciate the comments the gentleman made, his father and previous people in his family. I love the railroaders. They are good guys. We ought to take care of them, but I do not think they ought to get extra dollars. The railroad trust fund gets roughly a \$300 million subsidy from general revenues when income taxes on tier 2 private pension equivalent, which the gentleman is talking about, are returned to the trust fund rather than general revenue. No other Americans have the taxes on their pensions returned to their pension funds.

The railroad retirement needed a \$3.5 billion subsidy in 2000 from Social Security to stay afloat. I just find it hard to believe that you can say that you are looking out for them, and I hope you will, but to drop the age limit down to 60 when Social Security is up to 65 to 67, going to 67, it is hard to rationalize that.

Mr. Speaker, I yield such time as he may consume to the gentleman from Michigan (Mr. SMITH).

Mr. SMITH of Michigan. Mr. Speaker, there are a couple of concerns that I have about this legislation:

One, it does mean absolutely that we are going to raid the Social Security and Medicare Trust Fund lockbox next year. So that is a real concern. Regardless of the kind of scoring, it is going to take the \$15 billion coming from someplace. And so that is real money and that comes out of the surplus because it is dollars that are going to be given to this fund.

My second concern is that eventually, sometime, someplace, somewhere down the road we take the American taxpayer off the hook and say, Look, you're not going to be responsible for this private pension plan anymore.

It dates back to 1934 when we started Social Security. At that time railroaders were put under the Social Security Act. Railroaders had already